Central America Bound for Business

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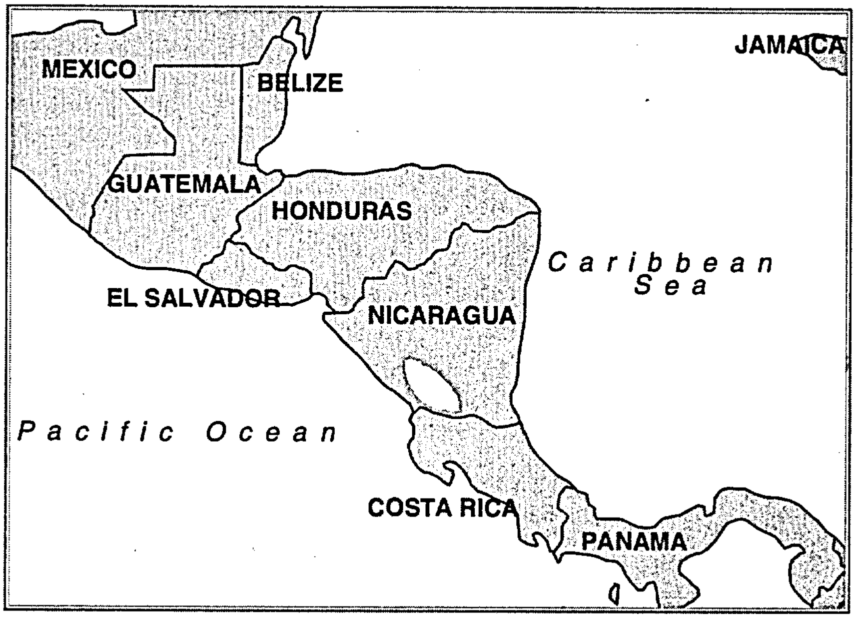
observers.

Internal turmoil during the 1970s and 1980s side-tracked the process until it was revived in the early 1990s. Today, individually and collectively, the countries of Central America are pursuing the integration process with renewed vigor.

That's not to say the going is easy. The integration process has its difficultites.

But the consensus and the political will — not unmindful of the implications and impact of the North American Free Trade Agreement (NAFTA) and other international trade pacts that make a united bloc an asset in an increasingly globalized marketplace — is that integration is essential, not only for participation in a wider Free Trade Area of the Americas (FTAA) but in achieving its vision for the 21st century.

"Canada is fully committed to the FTAA," Eggleton told his Toronto audience, "and we plan to make it work," he said of the initiative that aims to make free trade a reality among all the Americas by the year 2005.



Canada's Commitment

Canada's primary commitment in this climate of constant change is to help eliminate obstacles to trade and to assist in opening new markets for its entrepreneurs.

To this end, and in addition to its support of the FTAA and its active role since joining the *Organization of American States (OAS)* in 1990, Canada is promoting trade through such vehicles as the *Foreign Investment Protection Agreements (FIPAs)* which protect and promote foreign investment — for which there is a genuine need in Central America.

A FIPA agreement recently was signed with Panama and agreement on texts soon may be reached by Guatemala and El Salvador.

"The signing of such agreements," said Minister Eggleton, "would provide greater protection for investments, send a strong signal to investors and help to stimulate trade between our two countries."

Negotiations to conclude direct air links with Canada have also been initiated with several Central American countries. The lack of direct flights has been an impediment to direct contact between government and business officials and has hindered the establishment of direct supply relationships — since timely delivery of critical parts and equipment could never be assured otherwise.

CIDA/EDC

Canada also is opening doors and supporting increased trade and development through the activities of the *Canadian International Development Agency (CIDA)* and its Industrial Co-operation Program (INC) and through the *Export Development Corporation (EDC)*.

Re-establishing its presence in Central America, the EDC most recently (October 1996) established a Line of Credit (LOC) worth US$20 million with the Central American Bank for Economic Integration (CABEI). This loan will be guaranteed by CABEI directly. This year also, and independent of the loan, EDC increased its bilateral exposure ceilings for several of these countries — a clear recognition of the region's growing economic strength and its new appetite for business.

The Canadian private sector's appetite also is whetted, given the fact that Canada has to sell what Central America needs to buy. Among those needs: expertise in informatics, telecommunications, mining, energy, transportation, and environmental technology.

This supplement, the first of two on Central America, focuses on the countries of Belize, El Salvador, Guatemala and Honduras. The focus in the February 3, 1997 issue will be on Costa Rica, Nicaragua and Panama.